

**DATA ON DISTRIBUTION BY INCOME CLASS
OF EFFECTS OF THE
TAX REFORM ACT OF 1986**

Prepared by the Staff
of the
Joint Committee on Taxation

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Table 1

PERCENTAGE CHANGE IN INCOME TAX LIABILITY
UNDER THE CONFERENCE AGREEMENT, 1988

Income Class [Thousands of 1986 dollars]	Percentage Change in Income Tax Liability
\$ 0 - 10.....	-65.1
10 - 20.....	-22.3
20 - 30.....	-9.8
30 - 40.....	-7.7
40 - 50.....	-9.1
50 - 75.....	-1.8
75 - 100.....	-1.2
100 - 200.....	-2.2
200 +	-2.4
Total.....	-6.1

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Table 2

**PERCENTAGE OF INCOME TAX LIABILITY BY INCOME
CLASS UNDER PRESENT LAW AND
THE CONFERENCE AGREEMENT, 1988**

Income Class [Thousands of 1986 dollars]	Percentage of Income Tax Liability	
	Present Law	Conference Agreement
Less than \$10.....	0.6	0.2
\$ 10 - 20.....	6.4	5.3
20 - 30.....	11.8	11.3
30 - 40.....	12.0	11.8
40 - 50.....	10.9	10.6
50 - 75.....	16.2	16.9
75 - 100.....	6.7	7.1
100 - 200.....	11.9	12.4
200 and above.....	23.4	24.3
Total.....	100.0	100.0

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Table 3

AVERAGE INCOME TAX RATE UNDER PRESENT LAW
AND THE CONFERENCE AGREEMENT,
BY INCOME CLASS, 1988

Income Class [Thousands of 1986 dollars]	Average Income Tax Rate (percent)	
	Present Law	Conference Agreement
Less than \$10.....	1.6	0.5
\$ 10 - 20.....	5.7	4.4
20 - 30.....	8.3	7.5
30 - 40.....	9.5	8.7
40 - 50.....	11.1	10.1
50 - 75.....	13.3	13.1
75 - 100.....	15.7	15.6
100 - 200.....	19.3	18.9
200 and above.....	22.8	22.3
Total.....	11.8	11.1

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Table 4

**AVERAGE INCOME TAX
UNDER PRESENT LAW AND
UNDER THE CONFERENCE AGREEMENT, 1988**

Income Class [Thousands of 1986 dollars]	Average Income Tax		
	Present Law	Conference Agreement	Difference
Less than \$10.....	\$60	\$21	\$-39
\$ 10 - 20.....	895	695	-200
20 - 30.....	2,238	2,018	-220
30 - 40.....	3,527	3,254	-273
40 - 50.....	5,335	4,849	-486
50 - 75.....	8,538	8,388	-150
75 - 100.....	14,469	14,293	-176
100 - 200.....	27,965	27,353	-612
200 and above.....	138,463	135,101	-3,362
Total.....	\$3,176	\$2,982	\$-194

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Table 5

PERCENTAGE CHANGE IN COMBINED
FEDERAL INCOME AND
SOCIAL SECURITY TAX LIABILITY, 1988

Income Class [Thousands of 1986 dollars]	Percentage Change in Combined Taxes
\$ 0 - 10.....	-16.2
10 - 20.....	-11.9
20 - 30.....	-5.9
30 - 40.....	-4.8
40 - 50.....	-5.9
50 - 75.....	-1.3
75 - 100.....	-1.0
100 - 200.....	-1.9
200 +	-2.4
Total.....	-4.4

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Table 6

PERCENTAGE CHANGE IN AFTER-TAX
INCOME UNDER THE CONFERENCE AGREEMENT, 1988

Income Class [Thousands of 1986 dollars]	Percentage Change in After-tax Income
\$ 0 - 10.....	1.0
10 - 20.....	1.5
20 - 30.....	1.0
30 - 40.....	0.9
40 - 50.....	1.3
50 - 75.....	0.3
75 - 100.....	0.2
100 - 200.....	0.6
200 +	0.8
Total.....	0.9

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TABLE 7
TAXPAYERS WITH INCREASES AND DECREASES IN INCOME TAX LIABILITY
UNDER THE CONFERENCE AGREEMENT, 1988 1/

Income Class [Thousands of Dollars]	Number 2/ of Taxpayers [thousands]	Percent of Total	Number With Tax Increase [thousands]	Percent of Total	Average Increase	Number With Tax Decrease [thousands]	Percent of Total	Average Decrease
0 - 10...	44,443	33.8	1,692	1.3	\$ 214	12,315	9.4	\$ -170
10 - 20...	29,965	22.8	4,199	3.2	235	22,463	17.1	-310
20 - 30...	21,924	16.7	4,677	3.6	346	16,547	12.6	-390
30 - 40...	14,261	10.8	3,519	2.7	554	10,537	8.0	-554
40 - 50...	8,530	6.5	1,697	1.3	926	6,797	5.2	-841
50 - 75...	7,906	6.0	2,947	2.2	1,378	4,927	3.7	-1,066
75 - 100...	1,936	1.5	722	0.5	3,120	1,186	0.9	-2,187
100 - 200...	1,783	1.4	655	0.5	8,312	1,126	0.9	-5,803
200 +	706	0.5	311	0.2	55,700	393	0.3	-50,122
Total.....	131,454	100.0	20,419	15.5	\$ 1,742	76,291	58.0	\$ -801

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1/ Includes both those who file and those who do not file tax returns.

2/ Includes tax returns with no change in liability, almost all of which have no tax liability under either present law or H.R. 3838.

NOTE: These figures suffer from serious statistical deficiencies because of (1) lack of information on certain income and deduction items not reported on tax returns, (2) use of imputations which do not take account of possible relationships with other items affected by the bill, and (3) small sample size.

Table 8

PERCENTAGE CHANGE IN INCOME TAX LIABILITY UNDER
THE CONFERENCE AGREEMENT, 1987

Income Class [Thousands of 1986 dollars]	Percentage Change in Income Tax Liability
\$ 0 - 10.....	-57.2
10 - 20.....	-16.7
20 - 30.....	-10.8
30 - 40.....	-9.4
40 - 50.....	-9.8
50 - 75.....	-1.0
75 - 100.....	4.3
100 - 200.....	4.6
200 +	9.8
Total.....	-2.2

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Table 9

**TAXPAYERS WITH INCREASES AND DECREASES
IN INCOME TAX LIABILITY
UNDER THE CONFERENCE AGREEMENT, 1987**

Income Class [Thousands of 1986 Dollars]	Number of Returns with Tax Increase	Number of Returns with Tax Decrease
\$ 0 - \$ 10.....	1,666	11,997
10 - 20.....	3,368	22,072
20 - 30.....	3,095	16,982
30 - 40.....	2,580	11,334
40 - 50.....	1,445	7,078
50 - 75.....	3,100	4,817
75 - 100.....	989	854
100 - 200.....	791	880
200 +	<u>319</u>	<u>326</u>
Total.....	<u>17,353</u>	<u>76,338</u>
Percent of Total.....	18.5	81.5

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NOTE: These figures suffer from serious statistical deficiencies because of (1) lack of information on certain income and deduction items not reported on tax returns, (2) use of imputations which do not take account of possible relationships with other items affected by the bill, and (3) small sample size.

